

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
MARCH 12, 1998

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, March 12, 1998. Members present were Mark Hasten, Chairman; Norman L. Lowery, Vice Chairman; Ronald E. Depasse and Mrs. Loretta M. Burd. Also present from the Department were Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director, Non-Depository Institutions and Secretary; James M. Cooper, Deputy Director, Depository Division; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Sr. Bank Analyst; Gina R. Williams, Sr. Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Division Supervisor, Consumer Credit Division; Donna R. Kaye, Assistant to Division Supervisor, Credit Union Division; Chuck T. Stumpf, Deputy Director, Administration Division and Ronda Bailey, Administrative Secretary. Members absent were Tony Zaleski, David D. Baer and Gary M. Smith.

I. PUBLIC SESSION

A.) Attendance

B.) Date of next meeting: April 9, 1998, at 9:00 a.m., EST.

C.) A motion was made for approval of the minutes of the meeting held February 12, 1998, by Mr. Depasse and seconded by Mrs. Burd. The minutes were unanimously approved.

DIVISION OF BANK AND TRUST COMPANIES

1.) Indiana United Bancorp, Greensburg, Decatur County, Indiana

Ms. Gina R. Williams, Senior Bank Analyst, presented the application. Indiana United Bancorp ("United") applied to the Members of the Department for approval to acquire 100% of P.T.C. Bancorp ("P.T.C."), Brookville, Franklin County, Indiana, and thereby acquire P.T.C.'s wholly-owned bank subsidiary, People's Trust Company, Brookville, Franklin County, Indiana. The application was filed pursuant to IC 28-2-14.

United and P.T.C. entered into an Agreement and Plan of Merger dated October 8, 1997. United will be the surviving corporation of the merger. P.T.C.'s only subsidiary, People's Trust Company, will continue to exist as a separate entity following the merger and will conduct business as a wholly owned subsidiary of United.

United is a bank and thrift holding company. Union Bank and Trust Company of Indiana, Greensburg is United's bank subsidiary and Regional Federal Savings Bank, New Albany, Indiana, is its thrift subsidiary.

The transaction consists of an exchange of 1.075 shares of United's common stock for each issued and outstanding share of P.T.C.'s common stock. The transaction will be accounted for as a pooling-of-interests.

As of September 30, 1997, P.T.C. had 1,026,401 shares of common stock outstanding and 30,731 shares reserved for issuance in connection with outstanding stock options that are expected to be exercised prior to the effective time of the merger.

United will issue up to a maximum of 1,136,417 shares of its common stock in the transaction. Using a market value of \$44.00 per share for United's common stock as of February 12, 1998, the total value of United's stock which P.T.C.'s shareholders will receive is approximately \$50,002,348. This represents \$47.30 per common share of P.T.C. The book value of P.T.C.'s common stock at September 30, 1997, is \$22.46. This represents a purchase premium of \$24.84 or 2.11x book value.

United's pro forma combined financial statements of September 30, 1997, reflect a Tier 1 leverage capital ratio of 10.27%. Total assets for the same date will be \$667 million and total equity capital will be \$53.8 million.

United has long-term debt totaling \$4,625,000 on September 30, 1997. United will incur additional debt in the form of subordinated debentures as a result of a recently formed subsidiary whose sole purpose is to acquire subordinated debentures issued by United. The subsidiary will use the proceeds of a public offering of Trust Preferred Securities to acquire the subordinated debentures. As a result, long term debt will equal approximately 50% of total equity. The pro forma financial statements in the outline reflect the additional debt and capital United incurs as a result of the subsidiary and acquisition of P.T.C.

United received a satisfactory BOPEC rating from the Federal Reserve Bank of Chicago at its last holding company inspection dated December 31, 1995. Union Bank & Trust Company of Indiana, Greensburg, Indiana, received a satisfactory CAMEL rating as a result of a FDIC examination dated June 30, 1997.

P.T.C. received a satisfactory BOPEC rating from the Federal Reserve Bank of Chicago at its last bank holding company examination dated December 31, 1995. People's Trust Company, Brookville, Indiana received a satisfactory CAMEL rating from the FDIC in its most recent examination dated December 31, 1996. Both banks received Satisfactory CRA ratings at their previous examinations.

After the merger, the directors of United will consist of ten (10) people, five (5) of whom shall be existing directors of United prior to the merger, and five (5) of whom shall be existing directors of P.T.C. prior to the merger. Robert E. Hoptry will hold the positions of Chairman of the Board and Chief Executive Officer of United. James Saner will hold the positions of President and Chief Operating Officer of United. Robert S. Dunevant will be elected to the honorary position of Vice Chairman of the Board.

The required publications were made and the Department received no negative factors or comments that would adversely affect United, P.T.C. or the communities they serve. The Board of Governors of the Federal Reserve System approved their acquisition application on February 17, 1998.

It is the opinion of the staff that the applicant satisfactorily meets the requirements of IC 28-2-14 and therefore recommends approval of Indiana United Bancorp acquiring P.T.C. Bancorp.

Chairman Hasten asked Ms. Williams to explain the Trust Preferred Securities. Ms. Williams explained that by forming the subsidiary, United is able to raise capital and deduct the interest payments on the Subordinated debentures.

After a brief discussion, a motion for approval of the application was made by Mr. Lowery and seconded by Mr. Depasse. **The application was unanimously approved.**

2.) **Gary Hilderbrand, William Hilderbrand, and Carol Barnhart**

Ms. Gina R. Williams, Senior Bank Analyst, presented the application. Gary Hilderbrand, William Hilderbrand, and Carol Barnhart ("Applicants") have applied to the Department for a change of control of Stone City Bancshares, Inc., ("Bancshares") Bedford, Indiana and thereby indirectly control its subsidiary bank, Stone City Bank, Bedford, Indiana, pursuant to 28-1-2-23.

Chloral Hilderbrand, the Applicant's father, currently owns 640 shares of common stock of Bancshares or 83.7%. Chloral Hilderbrand is proposing to sell a total of 258 shares of his shares in equal amounts to the Applicants. The purchase price is \$7,500 per share for an aggregate consideration \$1,935,000.00. The sales of the shares are being made to accomplish certain estate planning and other goals regarding the transfer of Chloral Hilderbrand's equity interest in Bancshares.

Bancshares is a one-bank holding company that owns 111,007 shares or 92.5% of the 120,000 shares of outstanding stock of the Stone City Bank. Stone City Bank is an Indiana chartered commercial bank. As of September 30, 1997, the bank has total assets of \$38 million and total equity capital of \$4.9 million.

Gary Hilderbrand, William Hilderbrand, and Carol Barnhart own 42 shares, 27 shares, and 45 shares respectively, or 14.9% in aggregate of Bancshares. After each of the Applicants acquires 86 shares of stock, they will own in aggregate 372 shares or 48.6% of Bancshares.

Gary Hilderbrand is currently President and Director of Bancshares and Stone City Bank. He has been with the bank since 1971. William Hilderbrand is currently Executive Vice President at Bancshares and Vice Chairman, Sr. Executive Vice President of Stone City Bank. He is also a Director at both. Carol Barnhart has been Secretary to the Board of Stone

City since 1984 and Director at Bancshares for approximately sixteen years.

There will be no changes in management or other principal relationships of Bancshares or Stone City Bank, except that Carol Barnhart may become a director at Stone City Bank.

The FDIC examined Stone City Bank as of June 30, 1997. The examination found the overall condition of the institution to be Satisfactory. The Federal Reserve Bank of St. Louis conducted an inspection of Bancshares as of June 30, 1994. The overall condition of the organization was found to be satisfactory and a "Satisfactory" BOPEC rating was assigned.

Ms. Williams stated the staff believes the applicants are considered qualified by competence, experience, character, and financial responsibility to operate in a legal and proper manner and the interests of the stockholders, depositors, and creditors of the bank holding company and the interests of the public generally will not be jeopardized by the proposed change in control and therefore recommends approval.

A motion for approval of the application was made by Mrs. Burd and seconded by Mr. Depasse. **The application received three favorable votes. Mr. Lowery abstained from voting due to the business relationship between Terre Haute First National Bank and the Applicants. The application was approved.**

3.) **National City Corporation, Cleveland, Cuyahoga County, Ohio**

Mr. Kirk J. Schreiber, Senior Bank Analyst, presented the application. National City Corporation ("National City") applied to the Members of the Department for approval to acquire 100% of Fort Wayne National Corporation ("FWNC"), Fort Wayne, Allen County, Indiana, and thereby acquire FWNC's seven wholly-owned bank subsidiaries. The application was filed pursuant to IC 28-2-14.

National City and FWNC entered into an Agreement and Plan of Merger dated January 12, 1998. Initially National City will operate FWNC's subsidiary banks as wholly owned subsidiaries of National City. In the fourth quarter of 1998, all FWNC banks will be merged with and into National City Bank of Indiana, Indianapolis, Marion County, Indiana, and therefore, the National City organizational chart will remain unchanged.

The proposed transaction consists of an exchange of 0.75 shares of National City's common stock for each issued and outstanding share of FWNC's common stock. A new National City preferred stock will be substituted and issued for the FWNC preferred stock with the same terms and conditions. Shareholders of the FWNC preferred stock have the right, at their option, to convert each share of preferred stock into 2.019 shares of FWNC common stock, which is then convertible to 0.75 shares of National City common stock. The proposed transaction is to be accounted for by the purchase method of accounting.

National City will issue up to a maximum 12,827,573 shares of common stock for FWNC

common stock. Using the conversion factor established for the FWNC preferred stock, shareholders of FWNC preferred stock have the right to receive 1,120,708 shares of National City common stock. FWNC's book value as of September 30, 1997, was \$14.81. This represents a purchase price premium of \$33.61 or 3.27x book value.

National City's pro forma combined financial statements of September 30, 1997, which reflect the pending acquisition of First of America Corporation, Kalamazoo, Michigan and FWNC, reflect a Tier 1 leverage capital ratio of 7.36% for National City. Total assets for the same date will be \$78.2 billion and total equity capital will be \$6.6 billion.

Both National City and FWNC received satisfactory BOPEC ratings at their most recent holding company inspections.

National City's lead bank subsidiary, National City Bank, Cleveland, Ohio received a satisfactory CAMEL rating at its most recent safety and soundness examination. National City Bank of Indiana also received a satisfactory CAMEL rating at their most recent OCC examination. All seven of FWNC's bank subsidiaries received satisfactory CAMEL ratings at their most recent examinations.

All of the subsidiaries of National City and FWNC were assigned satisfactory CRA ratings at their most recent examinations.

The required publications were made and no negative comments were received by the Federal Reserve Bank of Cleveland or the Department on this acquisition. The Board of Governors of the Federal Reserve System approved their acquisition application on February 23, 1998.

It is the opinion of the staff that the applicant has satisfactorily met the requirements of IC 28-2-16-17(e) and therefore recommends approval of National City acquiring FWNC.

After a brief discussion, a motion for approval of the application was made by Mr. Lowery and seconded by Mrs. Burd. **The application was unanimously approved.**

4.) First Financial Corporation, Terre Haute, Vigo County, Indiana

Mr. Kirk J. Schreiber, Senior Bank Analyst, presented this application. First Financial Corporation ("First Financial") has applied to the Department for a change of control of The Morris Plan Company of Terre Haute, Inc. ("Morris Plan"), Terre Haute, Vigo County, Indiana, pursuant to IC 28-1-2-23.

First Financial is a multi-bank holding company formed in 1983 as the bank holding company for Terre Haute First National Bank. Since that time, First Financial has acquired seven additional bank subsidiaries in Indiana and Illinois. Morris Plan is an industrial loan and investment company organized under IC 28-5.

First Financial proposes to acquire 100% of Morris Plan's 587 issued and outstanding

common stock shares for an exchange of First Financial common stock. Morris Plan's two shareholders are Hulman and Company, who own 576 shares, and the Joseph R. Cloutier Trust, who owns 11 shares. First Financial will issue 200,000 shares of its common stock for the issued and outstanding shares of Morris Plan, resulting in each share of Morris Plan being converted into 340.7 shares of First Financial common stock.

Morris Plan will continue to exist as a separate entity following the acquisition of the stock and will conduct business as a wholly owned subsidiary of First Financial.

First Financial's pro forma combined financial statements of September 30, 1997, reflects a tier 1 leverage capital ratio of 9.47% with total assets of \$1.7 billion and total equity capital of \$167 million.

First Financial received a satisfactory BOPEC rating at their most recent holding company inspection. First Financial's lead bank subsidiary Terre Haute First National Bank received a satisfactory CAMEL rating at its most recent OCC examination of August 26, 1997. Morris Plan received a satisfactory CAMEL rating from the Department at its most recent examination of June 30, 1997.

Both Terre Haute First National Bank and Morris Plan were examined for compliance with the Community Reinvestment Act and were assigned satisfactory ratings.

The change of control will have little or no effect on Morris Plan. First Financial does not plan any management changes with the exception that First Financial may appoint one or more additional directors to serve on the board of directors of Morris Plan.

The Federal Reserve Bank of Chicago approved this change of control application on February 23, 1998.

The application for change of control meets the criteria of IC 28-1-2-23 and the staff recommends approval.

A motion for approval of the application was made by Mr. Depasse and seconded by Mrs. Burd. **The application received three favorable votes. Mr. Lowery abstained from voting due to his relationship with First Financial. The application was approved.**

DIRECTOR'S COMMENTS AND REQUESTS

- A) Donna R. Kaye, Assistant to the Supervisor, Consumer Credit Division, requested that the Members approve the adoption of Indiana Uniform Consumer Credit Code dollar amount changes under IC 24-4.5-1-106, effective July 1, 1998, based on the Consumer Price Index, U.S. City Average. **Mr. Lowery made a motion for approval, which was seconded by Mrs. Loretta Burd. The motion to approve the dollar amount change under IC 24-4.5-**

1-106, was unanimously approved.

- B) Mr. Depasse inquired as to whether the department should be doing something as a result of AT & T decision of the Supreme Court limiting federal credit unions from expanding their field of memberships to multiple unrelated common bonds. Chief Counsel Phil Goddard explained that the decision had no impact on state chartered credit unions. The decision did not say that credit unions could not have multiple unrelated groups, but such an existence must be provided by statute, and not as a result of an administrative fiat by the NCUA. The court concluded that the NCUA was not construing the appropriate federal statute properly. Indiana, on the other hand, has a specific state statute affecting state chartered credit unions which authorizes multiple unrelated groups to be included in fields of membership. The decision therefore has no impact on state chartered credit unions other than attracting federal chartered credit unions to consider converting to state charter. **This was for informational purposes only.**
- C) The Director advised the Members of actions pursuant to delegated authority. Mr. Phillips asked for any questions or clarifications of the actions, which are as follows:

DIVISION OF BANK AND TRUST COMPANIES

1.) WATERFIELD MORTGAGE COMPANY, INCORPORATED, FT. WAYNE, ALLEN COUNTY, INDIANA

An application has been filed for permission to establish an interim bank to be known as UF Interim Savings Bank, SB. UF Interim Savings Bank, SB will be a wholly-owned subsidiary of Waterfield Mortgage Company, Inc., Fort Wayne, Allen County, Indiana. The interim bank will be located at 45 North Pennsylvania Street, Indianapolis, Marion County, Indiana. The interim bank will never be operational and is to facilitate the pending acquisition of Indiana Community Bank, SB, Lebanon, Boone County, Indiana by Waterfield Mortgage Company through a merger of UF Interim Savings Bank, SB and Indiana Community Bank, SB. As a result of the acquisition, Waterfield Mortgage Company will acquire 100% of the issued and outstanding shares of stock of Indiana Community Bank. Once the acquisition is consummated, Indiana Community Bank will merge with and into Union Federal Savings Bank of Indianapolis, a federal savings bank located in Indianapolis, Marion County, Indiana, and a wholly owned subsidiary of Waterfield Mortgage Company. If approval for the merger of Indiana Community Bank, SB and Union Federal Savings Bank of Indianapolis, as outlined in the application, is not obtained by the necessary regulatory authorities, Waterfield Mortgage Company, Inc. will take the steps necessary to dissolve UF Interim Savings Bank, SB. **This was approved by Action Taken under Delegated Authority on February 10, 1998.**

2.) SALIN BANK AND TRUST COMPANY, INDIANAPOLIS, MARION COUNTY,

INDIANA

The bank has applied for approval to establish three full service branch-banking offices. All three branch applications were received by the Department on January 26, 1998. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1996. As of September 30, 1997, Tier 1 leverage capital ratio is 9.04%, and the bank's ROA is 1.11%. The investment in total fixed assets to total capital will increase from 20.48% before the addition of the three proposed branches to 21.49% following the three branches.

The first branch is to be located inside of a Kroger Supermarket at **218 E. Pettit, Fort Wayne, Allen County, Indiana**. The application was received on January 26, 1998 and the branch is to be called **Salin Bank and Trust Company**. The bank proposes to lease approximately 257 square feet from the Kroger Company, an Ohio Corporation. The term of the lease is for five (5) years and requires annual rental of \$24,000 due in monthly payments of \$2,000. Leasehold improvements are projected to cost \$80M and furniture, fixtures, and equipment are projected at \$50,000. This will be the institution's twenty-fourth branch. **The Director approved this on February 10, 1998, under Delegated Authority.**

3.) **SALIN BANK AND TRUST COMPANY, INDIANAPOLIS, MARION COUNTY, INDIANA**

The second branch is to be located inside of a Kroger Supermarket at **2821 South Washington Street, Kokomo, Howard County, Indiana**. The application was received on January 26, 1998 and the branch is to be called **Salin Bank and Trust Company**. The bank proposes to lease approximately 257 square feet from the Kroger Company. The term of the lease is for five (5) years and requires annual rental of \$24,000 due in monthly payments of \$2,000. Leasehold improvements are projected to cost \$80M and furniture, fixtures, and equipment are projected at \$50,000. This will be the institution's twenty-fifth branch. **The Director approved this on February 10, 1998, under Delegated Authority.**

4.) **SALIN BANK AND TRUST COMPANY, INDIANPOLIS, MARION COUNTY, INDIANA**

The third branch is also to be located inside of a Kroger Supermarket at **6002 St. Joe Center Road, Fort Wayne, Allen County, Indiana**. The application was received on January 26, 1998 and the branch is to be called **Salin Bank and Trust Company**. The bank proposes to lease approximately 257 square feet from the Kroger Company. The term of the lease is for five (5) years and requires annual rental of \$24,000 due in monthly payments of \$2,000. Leasehold improvements are projected to cost \$80M and furniture, fixtures, and equipment are projected at \$50,000. This will be the institution's twenty-sixth branch. **The Director approved this on February 10, 1998, under Delegated Authority.**

5.) **NATIONAL CITY BANK, CLEVELAND, CUYAHOGA COUNTY OHIO**

An application for issuance of a certificate of admission was received from National City Bank ("National City"). National City filed the application to enable it to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. National City is incorporated as a national banking association. The application states that the bank intends to engage in mortgage and consumer lending, servicing, and related activities through loan production offices. National City has appointed CT Corporation System, One North Capital Avenue, Indianapolis, Marion County, Indiana, as resident agent for service of legal process. **A Certificate of Admission was issued under Delegated Authority on February 10, 1998.**

6.) **SECURITY BANK & TRUST COMPANY, VINCENNES, KNOX COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay cash dividends not to exceed \$3,750,000 in 1998 to its holding company, Old National Bancorp, Evansville, Indiana. The bank is projecting net income of \$2,395,000 for 1998. As of September 30, 1997, the bank's Tier I leverage capital ratio is 8.80%. It is the holding company's intent that Tier 1 capital will not fall below 7.9%. The bank's average three-year ROA is 1.22%.

The Director approved this on February 10, 1998, under Delegated Authority.

7.) **PEOPLES BANK AND TRUST COMPANY, SUNMAN, RIPLEY COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay cash dividends of 50% of net earnings or approximately \$442,500 in 1998 to its holding company, First Financial Bancorp, Hamilton, Ohio. The bank is projecting net income of \$885,000 for 1998. As of September 30, 1997, the bank's Tier I leverage capital ratio is 15.47%. Proforma Tier 1 leverage capital to average assets as of September 30, 1997 is approximately 14.66%, after the payment of the dividend. The bank's average three-year ROA is 1.33%. **The Director approved this on February 10, 1998, under Delegated Authority.**

8.) **BANK OF WESTERN INDIANA, COVINGTON, FOUNTAIN COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a special dividend in February of \$344,000 to its holding company, Old National Bancorp, Evansville, Indiana. This dividend request is in addition to the \$1,843,000 dividend for 1998 approved by the Department under delegated authority on January 14, 1998. The bank is projecting net income of \$1,940,000 for 1998. As of September 30, 1997, the bank's Tier I leverage capital ratio is 8.88%. It is the holding company's intent that Tier 1 capital will not fall below 7.9%. The bank's average three-year ROA is 1.26%. **The Director approved this on February 10, 1998, under Delegated Authority.**

9.) **BANK OF GENEVA, GENEVA, ADAMS COUNTY, INDIANA**

The bank has applied to the Department for permission to amend Section (D) of its Articles of Incorporation. The amendment will allow the bank to increase its number of shares of capital stock authorized from 257,000 shares to 275,000 shares, the par value of which will remain at \$10.00 per share. This increase of 18,000 shares is due to a proposed 7% stock dividend to present shareholders. This institution has used this type of amendment to the Articles of Incorporation the past several years. **The Director approved this on February 10, 1998, under Delegated Authority.**

10.) **INDIANA TRUST AND INVESTMENT MANAGEMENT COMPANY, MISHAWKA, ST. JOSEPH COUNTY, INDIANA**

The corporate fiduciary has applied to the Department for permission to amend Article 2 of its Articles of Incorporation. Article 2 will be amended by adding a sentence to the end of the Article. The amendment arises out of the purchase by American National Trust and Investment Management Company, Muncie, Indiana, of a 20% interest in the corporate fiduciary. The Office of the Comptroller of the Currency in its approval letter of the transaction, has requested that the Articles of Incorporation of the corporate fiduciary specifically should provide that the corporate fiduciaries activities will be limited to those that are a part of, or incidental to, the business of banking. The purpose of the amendment is to serve as a limitation of the activities of the corporate fiduciary so they do not exceed the activities permitted by a nationally chartered institution. **The Director approved this on February 10, 1998, under Delegated Authority.**

11.) **IRWIN UNION BANK & TRUST COMPANY, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**

The bank has applied for approval to relocate two branches into one new branch. The branches are to be relocated from **29 Public Square, Shelbyville, Shelby County, Indiana and 709 East State Road 44, Shelbyville, Shelby County, Indiana** to **1027 East State Road 44, Shelbyville, Shelby County, Indiana**. The application was received on February 6, 1998, and the branch will be known as **Shelbyville**. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank will lease approximately 4,800 square feet from Shelbyville LLC for an annual rental of \$76,800 due in equal monthly installments. The term of the lease is for ten (10) years with one renewal option for an additional five-year term. Leasehold improvements are anticipated to cost \$226,000 and furniture, fixtures, and equipment costs are expected to be \$100,000. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the FDIC as of June 30, 1996. As of September 30, 1997, Tier 1 leverage capital ratio is 7.46%, and the bank's ROA is 1.21%. The investment in total fixed assets to total capital will increase from 12.77% before the relocation to 13.24% following the relocation. 30, 1996. As of September 30, 1997, Tier 1 leverage capital ratio is 7.46%, and the bank's ROA is 1.21%. The investment in total fixed assets to total capital will increase from 12.77% before the relocation to 13.24% following the relocation. **The Director approved this on February 19, 1998, under Delegated Authority.**

12.) **ALLIANCE BANK, VINCENNES, KNOX COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay cash dividends not to exceed \$2,700,000 in 1998 to its holding company, National City Bancshares, Inc., Evansville, Indiana. The bank is projecting net income of \$2,245,000 for 1998. As of September 30, 1997, the bank's Tier I leverage capital ratio is 8.82%. It is the bank's intention that Tier 1 capital will not fall below 8.0%. The bank's average three-year ROA is 1.67%. **The Director approved this on February 19, 1998, under Delegated Authority.**

13.) UNITED SOUTHWEST BANK, WASHINGTON, DAVIESS COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay cash dividends not to exceed \$2,804,000 in 1998 to its holding company, Old National Bancorp, Evansville, Indiana. The bank is projecting net income of \$2,530,000 for 1998. As of September 30, 1997, the bank's Tier I leverage capital ratio is 9.11%. It is the bank's intention that Tier 1 capital will not fall below 8.0%. The bank's average three-year ROA is 1.13%. **The Director approved this on February 19, 1998, under Delegated Authority.**

14.) 1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The bank has applied to the Department for approval to establish a branch banking office to be located at **100 West Main Street, Winamac, Pulaski County, Indiana**. The application was received on January 28, 1998, and the branch is to be known as **1st Source Bank**.

No insider relationship exists between any insiders of the bank and any of the parties involved. The bank will lease approximately 1,760 square feet from Mary Crawford, Winamac, Indiana, for an annual rental of \$7,200 due in equal monthly installments. The term of the lease is for three years with two, three year renewal options. The estimated cost for furniture, fixtures, and equipment is \$221M and leasehold improvements are estimated at \$150M. The bank received a satisfactory CAMEL rating as a result of a joint examination conducted by the FRB and DFI as of March 31, 1997. The bank's three-year average ROA is 1.29%. As of September 30, 1997, the Tier 1 leverage capital ratio is 8.09%. The investment in total fixed assets to total capital will increase from 12.31% before the proposed branch to 12.59% after the investment in the branch. This will be the institution's forty-sixth branch. **The Director approved this on February 19, 1998, under Delegated Authority.**

15.) SHORELINE BANK, BENTON HARBOR, BERRIEN COUNTY, MICHIGAN

An application for issuance of a certificate of admission was received from Shoreline Bank ("Shoreline"). Shoreline filed the application to enable it to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. Shoreline is incorporated as a Michigan state chartered commercial bank. The application states that the bank intends to engage in the operation of a loan and trust production office, soliciting business and individual customers for loans and trust services offered through the company at its offices in Michigan. Shoreline has appointed CT Corporation System, One North Capital Avenue, Indianapolis, Marion County, Indiana, as resident agent for service of legal process. **A Certificate of Admission was issued under Delegated Authority on February 19, 1998.**

16.) **FIRST FARMERS BANK AND TRUST COMPANY, CONVERSE, MIAMI COUNTY, INDIANA**

The bank has entered into a branch purchase and assumption agreement dated December 29, 1997, with National City Bank of Indiana, N.A., Indianapolis, Indiana. The bank will purchase approximately \$11,716M in cash, \$49M in premises and equipment, and will assume approximately \$13,527M in deposits through its acquisition of National City Bank of Indiana's branch in Galveston, Cass County, Indiana. The bank will pay a deposit premium of 13.268%, or \$1,797M, of total deposits as defined in the agreement.

The bank has applied to the Department for approval to establish a branch banking office to be located at **112 South California, Galveston, Cass County, Indiana**. The application was received on January 26, 1998, and the branch is to be known as **"Galveston Banking Center of First Farmers Bank and Trust Company"**. No insider relationship exists between any insiders of the bank and any of the parties involved. The proposed branch is approximately 2,808 square feet. The bank purchased the land and building from National City Bank of Indiana, N.A., Indianapolis for \$45,000. Furniture, fixtures, and equipment costs are projected to be \$4,000. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of June 30, 1996. The bank's three-year average ROA is 1.53%. On a pro forma basis as of December 31, 1997, the Tier I leverage capital ratio is calculated at 6.79% before the purchase and assumption and is calculated at 7.15% after the purchase and assumption. The increase in the tier 1 leverage capital ratio is due to a \$2,600M capital injection from the bank's holding company. The investment in total fixed assets to total capital will decrease from 30.95% before the proposed branch to 28.26% after the investment in the branch. This will be the institution's twelfth branch. **The Director approved this on February 19, 1998, under Delegated Authority.**

17.) **COMMUNITY TRUST & INVESTMENT COMPANY, INC., GREENCASTLE, PUTNAM COUNTY, INDIANA**

The corporate fiduciary has applied to the Department for approval to establish a trust office to be located at **1551 Win Henschell Boulevard, West Lafayette, Tippecanoe County, Indiana**. The application was received on February 2, 1998. No insider relationship exists between any insiders of the corporate fiduciary and any of the parties involved. The proposed office will be a 300 square foot office on the first floor of a newly built Purdue Federal Credit Union. The corporate fiduciary will lease the space from Tecumseh Group, Inc., Lafayette, Indiana, for an annual rental of \$15,600 due in equal monthly installments. The term of the lease is for three years with two, three year renewal options. The estimated cost for furniture, fixtures, and equipment is \$20M. The corporate fiduciary received a satisfactory Trust Company rating as a result of an examination conducted by the DFI as of September 30, 1997. As of December 31, 1997, the corporate fiduciary had net income of \$255M and equity capital of \$823M. The corporate fiduciaries projected net income for fiscal year ending June 30, 1998, is \$200M. The corporate fiduciaries previous three years earnings results as

of fiscal year ending June 30, are a net loss of (\$67M) in 1995, a net profit of \$7M in 1996, and a net profit of \$91M in 1997. The estimated net loss projections for the first three years of the West Lafayette office are (\$52M), (\$108M) and (\$35M). The addition of the West Lafayette office would have minimal effect on the capital of the corporate fiduciary. This will be the institution's fourth office. **The Director approved this on February 19, 1998, under Delegated Authority.**

18.) THE PEOPLES BANK & TRUST COMPANY, INDIANAPOLIS, MARION COUNTY, INDIANA

The bank has requested approval to invest 2% of capital and surplus in a limited partnership which, when aggregated with the bank's investment in other limited partnerships, is in excess of the 5% of capital and surplus limitation imposed by IC 28-1-11-3.1. The proposed investment of \$944,340.10 would result in total investments in low-income housing projects of approximately \$3,087,989 or 6.54% of capital and surplus; 5% of the bank's capital and surplus as of December 31, 1997, is \$2,360,850.00. Investments by a bank may exceed the 5% limitation if the director determines that the aggregate investment in excess of 5% will not pose a significant risk to the deposit insurance fund and the bank is adequately capitalized.

As of September 30, 1997, the bank had a Tier 1 leverage capital ratio of 7.51% and ROA of 1.17%. The bank's three year average ROA is 0.90%. The bank received a Satisfactory CAMELS rating at its most recent Report of Examination which was conducted by the FDIC as of December 31, 1996. **The Director approved this on February 19, 1998, under Delegated Authority.**

19.) FIRST-CITIZENS BANK & TRUST COMPANY, GREENCASTLE, PUTNAM COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay cash dividends of \$2,498,000 payable \$815,000 in March, \$561,000 in June, \$561,000 in September, and \$561,000 in December to its holding company, Old National Bancorp, Evansville, Indiana. The bank is projecting net income of \$2,492,000 and Tier 1 capital of 8.35% for 1998. As of December 31, 1997, the bank's Tier I capital ratio is 8.50% and ROA is 1.33%. The bank's average three-year ROA is approximately 0.84%. **The Director approved this on February 19, 1998, under Delegated Authority.**

DIVISION OF CREDIT UNIONS

1.) TAPER LOCK CREDIT UNION, MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

Taper Lock Credit Union requests approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Bremen Public Schools - Bremen - 175 members
The Pilot-News - Plymouth - 98 members
Employees of the City of Mishawaka - Mishawaka - 500 members
Martin Chevrolet Sales, Inc. - Bremen - 18 members

The Director approved this on February 11, 1998, under Delegated Authority.

2.) **INDIANA TELCO CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

Indiana Telco Credit Union requests approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

C&R Plumbing, Inc. - Brownsburg - 6 members
The Wackenhut Corporation - Indianapolis - 510 members
Hearing Health Services & A Hearing Service, Inc. – Indianapolis & Seymour - 8 members
Schwitzer Group - Indianapolis - 100 members
Serck Heat Transfer (USA), Inc. - Indianapolis - 11 members

The Director approved this on February 20, 1998, under Delegated Authority.

3.) **KEMBA INDIANAPOLIS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

Kemba Indianapolis Credit Union requests approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Alliant Foodservice Indianapolis - Indianapolis - 169 members

The Director approved this on February 24, 1998, under Delegated Authority.

4.) **NICKEL PLATE INDUSTRIAL CREDIT UNION, FRANKFORT, CLINTON COUNTY, INDIANA**

Nickel Plate Industrial Credit Union requests approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

B&T Auto Glass Express, Inc. – Colfax - 5 members
Watkins Construction Company, Inc. – Frankfort – 5 members

The Director approved this on March 2, 1998, under Delegated Authority.

5.) **INDIANA TELCO CREDIT UNION, INDIANAPOLIS, MARION COUNTY,**

INDIANA

Indiana Telco Credit Union requests approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

C&R Plumbing, Inc. - Brownsburg - 6 members

The Wackenhut Corporation - Indianapolis - 510 members

Hearing Health Services & A Hearing Service, Inc. - Indianapolis & Seymour - 8 members

Schwitzer Group - Indianapolis - 100 members

Serck Heat Transfer (USA), Inc. - Indianapolis - 11 members

The Director approved this on March 2, 1998, under Delegated Authority.

6.) **NEW ALBANY SCHOOLS CREDIT UNION, NEW ALBANY, FLOYD COUNTY, INDIANA**

New Albany Schools Credit Union requests approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Holy Family School - New Albany - 48 members

South Harrison Community School Corporation - Corydon - 365 members

The Director approved this on March 3, 1998, under Delegated Authority.

7.) **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

Teachers Credit Union requests approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

C. W. Leasing & Transport, Inc. - South Bend - 6 members

Indy Slots - Indianapolis - 4 members

Hydro-Pine Dust Control - Crawfordsville - 2 members

Driv Rite Driving School, Inc. - Mishawaka - 9 members

AgTrans, Inc. - Monterey - 24 members

Hearn Dental Lab, Inc. - Indianapolis - 2 members

Royal Crown Limited - Milford - 75 members

D-C Transport - North Liberty - 1 member

Autoliv ASP North America - Indianapolis - 370 members

United Steel Workers of America Local 650 - Goshen - 560 members

Milano's Pizzeria - Buchanan, Michigan - 12 members

Apex Mechanical Contractor, Inc. - South Bend - 40 members

American Check Cashers, Inc. - South Bend - 8 members

Kaser-Spraker Construction, Inc. - South Bend - 70 members

Brennan Drugs, Inc. - Warsaw - 30 members

Von Duprin, Inc. - Indianapolis - 525 members

The Director approved this on March 5, 1998, under Delegated Authority.

CONSUMER CREDIT DIVISION

- 1.) **American Residential Mortgage, Inc.** is requesting a consumer loan license. Applicant is based in Anaheim, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 2.) **Countryside Mortgage, Inc.** is requesting a consumer loan license. Applicant is based in Warwick, RI. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in Massachusetts. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 3.) **Direct Mortgage Partners, Inc.** is requesting a consumer loan license. Applicant is based in West Palm Beach, FL. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in Florida, Georgia, Illinois, and Utah. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 4.) **Ivy Mortgage Corp.** is requesting a consumer loan license. Applicant is based in Branchburg, NJ. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 17 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 5.) **Daniel Jenks d/b/a Loans Til Payday** is requesting a consumer loan license. Applicant is based in Merrillville. They will be making payday loans. They will be servicing their loans. Applicant is aware of the disclosure requirements and statutory limitations on this special type of loan. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 6.) **Metropolitan Financial, Inc.** is requesting a consumer loan license. Applicant is based in Orange, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 8 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 7.) **Midwest National Mortgage Banc, Inc. d/b/a Midwest Mortgage Banc** is requesting a consumer loan license. Applicant is based in Cincinnati, OH. They will be making second

mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in Ohio and Kentucky. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**

- 8.) **C. Harmon and T. Harmon d/b/a Money Now** is requesting a consumer loan license. Applicant is based in Rockport, IN. They will be making payday loans. They will be servicing their loans. Applicant is aware of the disclosure requirements and statutory limitations on these specialized types of loans. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 9.) **Mortgage Investors Corporation** is requesting a consumer loan license. Applicant is based in St. Petersburg, FL. Loans in Indiana will be made at one branch in Indianapolis. They will be making second mortgage loans. They will not be servicing their loans. They currently operate in 28 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 10.) **Ocean West Enterprises, Inc.** is requesting a consumer loan license. Applicant is based in Tustin, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in Washington and California. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 11.) **First Mortgage Network, Inc. d/b/a Online Capital** is requesting a consumer loan license. Applicant is based in Plantation, FL. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in California, Florida, and Georgia. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 12.) **Residential Mortgage Corporation (IMC), Inc.** is requesting a consumer loan license. Applicant is based in Cranston, RI. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in three states. All loans sold to IMC Mortgage (L.L.#1234) who is their parent company. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 13.) **Sebring Capital Corporation** is requesting a consumer loan license. Applicant is based in Dallas, TX. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 25 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 14.) **Stone Castle Financial, Inc. d/b/a Stone Castle Home Loans** is requesting a consumer loan license. Applicant is based in Encino, CA. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by a title company. They currently operate

in 15 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**

- 15.) **Transamerica Mortgage Company** is requesting a consumer loan license. Applicant is based in Dallas, TX. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by a title company. They currently operate in 29 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 16.) **Trust One Mortgage Corporation** is requesting a consumer loan license. Applicant is based in Irvine, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 50 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**
- 17.) **WMC Mortgage Corp.** is requesting a consumer loan license. Applicant is based in Woodland Hills, CA. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by a title company. They currently operate in 50 states. Applicant is recommended for approval. **The Director approved this on February 19, 1998, under Delegated Authority.**

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary